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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	:	
	:	Chapter 11
DELPHI CORPORATION, <i>et al.</i> ,	:	Case No. 05-44481 [RDD]
	:	
Debtors.	:	Jointly Administered
	:	
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**DEBTORS' STATEMENT OF DISPUTED ISSUES WITH RESPECT TO
PROOF OF CLAIM NUMBER 10490 (DONALDSON COMPANY INC.)**

("STATEMENT OF DISPUTED ISSUES – DONALDSON COMPANY INC.")

Delphi Corporation ("Delphi") and certain of its subsidiaries and affiliates, including Delphi Automotive Systems LLC ("DAS LLC"), debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), hereby submit this Statement Of Disputed Issues (the "Statement Of Disputed Issues") With Respect To Proof Of Claim Number 10490 (the "Proof Of Claim") filed by Donaldson Company Inc. ("Claimant") and respectfully represent as follows:

Background

1. On October 8 and 14, 2005 (the "Petition Date"), the Debtors, filed voluntary petitions under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as then amended, in the United States Bankruptcy Court for the Southern District of New York.

2. On July 24, 2006, Claimant filed proof of claim number 10490 ("Proof Of Claim No. 10490") against Delphi. The Proof Of Claim asserts an unsecured non-priority claim in the amount of \$561,223.87 for the sale of goods and performance of services (the "Claim").

3. In October 2006, Claimant asserted rights of setoff with respect to claims. The Claimant and the Debtors are attempting to reconcile the Claim and the amount that Claimant allegedly owes the Debtors (the "Receivable"). The Claimant has asserted that it owes the Debtors approximately \$222,098. Effectuating a setoff of the Receivable might result in a substantial reduction of the Claim.

4. On September 21, 2007, the Debtors objected to Proof of Claim No. 10490 pursuant to the Debtors' Twenty-First Omnibus Objection Pursuant To 11 U.S.C. Section 502(b) And Fed. R. Bankr. P. 3007 To Certain (A) Duplicate Or Amended Claims, (B) Untimely Equity Claim, (C) Insufficiently Documented Claims, (D) Claims Not Reflected On Debtors' Books And Records, (E) Untimely Claims, And (F) Claims Subject To Modification, Tax Claim Subject To Modification, And Modified Claims Asserting Reclamation (Docket No. 9535) (the "Twenty-First Omnibus Claims Objection").

Disputed Issues

A. Delphi And DAS LLC Do Not Owe Claimant The Amount Asserted In Proof Of Claim Number 10490

5. Claimant asserts in Proof Of Claim No. 10490 that Delphi owes Claimant a total of \$561,223.87 for goods sold and services performed. Delphi and DAS LLC have reviewed the information attached to the Proof Of Claim and the Response and dispute that they owe the amount asserted in the Proof of Claim.

6. Because the Claimant has asserted its right to setoff, the Debtors and Claimant must reconcile both the Receivable and Claim. Although the Debtors have endeavored to do so, the reconciliation is not complete because, among other reasons, information concerning the Claim is not complete. Based upon information available to date, the Claim totals \$557,853. The Debtors have objected to the Claim to preserve their rights if the Debtors and Claimant cannot come to a resolution of the Claim and Receivable.

Reservation Of Rights

7. This Statement Of Disputed Issues is submitted by the Debtors pursuant to paragraph 9(d) of the Order Pursuant To 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 2002(m), 3007, 7016, 7026, 9006, 9007, And 9014 Establishing (i) Dates For Hearings Regarding Objections To Claims And (ii) Certain Notices And Procedures Governing Objections To Claims (Docket No. 6089) (the "Claims Objection Procedures Order"). Consistent with the provisions of the Claims Objection Procedures Order, the Debtors' submission of this Statement Of Disputed Issues is without prejudice to (a) the Debtors' right to later identify and assert additional legal and factual bases for disallowance, expungement, reduction, or reclassification of the Claim and (b) the

Debtors' right to later identify additional documentation supporting the disallowance, expungement, reduction, or reclassification of the Claim.

WHEREFORE the Debtors respectfully request that this Court enter an order (a) disallowing and expunging the Claim, and (b) granting the Debtors such other and further relief as is just.

Dated: New York, New York
December 4, 2007

DELPHI CORPORATION, *et al.*
By their attorneys,
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By:

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